

<p style="text-align: right;">Page 169</p> <p>1 retained Christie's to appraise this City-owned art?</p> <p>2 A. Yes.</p> <p>3 Q. And have you gotten back any information yet from</p> <p>4 Christie's as to the appraised value?</p> <p>5 A. No.</p> <p>6 Q. And do you have any understanding as to the value of</p> <p>7 the appraised -- of the art that's being appraised</p> <p>8 independent of what -- of Christie's as a source?</p> <p>9 A. Only what I've read in various news articles and</p> <p>10 blogs.</p> <p>11 Q. And I think you've seen press reports indicating that</p> <p>12 for some of the most important works alone the value</p> <p>13 could be at least 2.5 billion or something on that</p> <p>14 order?</p> <p>15 A. We talked about press reports earlier and I was</p> <p>16 cautioned to be careful so I'm going to say the same.</p> <p>17 Q. I'm just asking.</p> <p>18 A. I'm trying to respond to your question. I'm going to</p> <p>19 say the same thing about press reports here. I have</p> <p>20 seen press reports reporting various values for the</p> <p>21 art.</p> <p>22 Q. And have you seen press reports reporting for the most</p> <p>23 important pieces alone values on the order of</p> <p>24 2.5 billion?</p> <p>25 A. I don't recall if I've seen those specific press</p>	<p style="text-align: right;">Page 171</p> <p>1 Q. I'm not asking about decisions, I'm just asking what</p> <p>2 you considered.</p> <p>3 A. We considered a lot of things, yes.</p> <p>4 Q. And have you -- well, then can you answer my question</p> <p>5 more specifically? What if any ways to monetize the</p> <p>6 art have you considered other than an outright sale?</p> <p>7 A. I think there's been discussions about some form of --</p> <p>8 and I'm not clear because to be direct, I know that</p> <p>9 some of my -- I've never been to DIA, I don't think</p> <p>10 I've ever spoken with their board, I know that some of</p> <p>11 my consultants have been over there and have had</p> <p>12 various discussions about the art. I think the</p> <p>13 discussions were very high level and very general.</p> <p>14 That's what I know.</p> <p>15 Q. Okay, that's really very nonspecific. Are you aware</p> <p>16 of any specific consideration given to any form of</p> <p>17 monetizing the art other than an outright sale?</p> <p>18 A. No, nothing specific.</p> <p>19 Q. Could be a lease -- sorry, but nothing has been</p> <p>20 identified as a possible route to monetize?</p> <p>21 A. Nothing specific. There have been discussions, but</p> <p>22 nothing specific.</p> <p>23 Q. Have there been discussions of leasing as a possible</p> <p>24 way to monetize?</p> <p>25 A. Possibly, yes.</p>
<p style="text-align: right;">Page 170</p> <p>1 reports.</p> <p>2 Q. Do you have any reason to believe that the value of</p> <p>3 the City-owned art is less than something on that</p> <p>4 order of magnitude?</p> <p>5 A. I'm relatively agnostic on the value of the art at</p> <p>6 this point. I'm waiting to see the appraisal.</p> <p>7 Q. Do you have any understanding as you sit here today as</p> <p>8 to what the value of the City-owned art is?</p> <p>9 A. No.</p> <p>10 Q. Are you considering selling the City-owned art to</p> <p>11 generate cash?</p> <p>12 A. What I've said consistently is all options on the</p> <p>13 table, but we first have to decide what we're talking</p> <p>14 about.</p> <p>15 Q. Do you have any understanding as to how long it would</p> <p>16 take to sell the art if a decision were made to sell</p> <p>17 it?</p> <p>18 A. No.</p> <p>19 Q. Have you considered other ways to monetize the art</p> <p>20 besides an outright sale?</p> <p>21 A. All options are on the table.</p> <p>22 Q. Well, have you considered any others in particular?</p> <p>23 A. We have not made -- meaning my team and I have not</p> <p>24 made any decisions with regard to the art contained at</p> <p>25 DIA.</p>	<p style="text-align: right;">Page 172</p> <p>1 Q. Okay. And do you have any understanding of the amount</p> <p>2 of cash flow that could be generated on an annual</p> <p>3 basis if the art were leased?</p> <p>4 A. Sitting here today, no.</p> <p>5 Q. Has that number been talked about? Is there a</p> <p>6 document that might discuss that?</p> <p>7 A. No, no, there's no document. I -- I -- in an effort</p> <p>8 to be accurate, I think I had a discussion with one of</p> <p>9 the representatives at Christie's that was generally</p> <p>10 speaking leasing is a very difficult thing to do.</p> <p>11 That's the nature of the discussion, that you would</p> <p>12 have to have the right pieces at the right time at the</p> <p>13 right market to generate cash.</p> <p>14 Q. So there was no discussion about the amount of money</p> <p>15 it could generate?</p> <p>16 A. No, no, it -- there was some discussion about</p> <p>17 \$1 million, for instance, or something like that, but</p> <p>18 it's nothing substantive.</p> <p>19 Q. Okay. Now, the City also has a department of water</p> <p>20 and sewers; is that right?</p> <p>21 A. Yes.</p> <p>22 Q. And as I understand it, the department of water and</p> <p>23 sewers operates as a separate entity for accounting</p> <p>24 and operating purposes?</p> <p>25 A. As a result of Judge Cox's opinion, it has separate</p>



800.211.DEPO (3376)
EsquireSolutions.com

Page 173

1 procurement, accounting and managerial
2 responsibilities, but as it's stated in that opinion,
3 it remains an asset in the department of the City.
4 Q. And is it correct that the water and sewer department
5 has issued secured bonds?
6 A. Yes, they're in my June 14th proposal.
7 Q. Okay, and I don't recall. What was the value of the
8 bonds that were issued?
9 A. The secured portion of the bonds all in, but this also
10 includes some parking -- parking was 95 million, some
11 dedicated state revenue bonds was a couple hundred
12 million, but generally speaking about 5.7 billion.
13 Q. And those bonds -- the 5.7 billion is secured by the
14 assets of the department?
15 A. Yes, yes.
16 Q. And as you understand it, does the value of the assets
17 of the department of water and sewers exceed the
18 values of the secured bonds?
19 A. I don't know if there's been a formal appraisal, but I
20 certainly would hope so.
21 Q. Do you have an understanding of the value of the water
22 and sewer assets?
23 A. Not sitting here today.
24 Q. Do you have a general understanding, a general
25 recollection?

Page 174

1 A. When you talk about asset values, you're talking about
2 switches, pipes, valves, things along that nature. I
3 don't think I've ever seen an appraisal of the value
4 of the assets of the water and sewer department.
5 Q. Do you have a general understanding of what the value
6 of the assets --
7 A. No.
8 Q. -- is worth?
9 A. No.
10 Q. Have you taken any steps to monetize the value of the
11 assets owned by the water and sewer department?
12 A. When you say monetize, I'm going to respond to the
13 question on the basis that monetize is in the broad
14 sense --
15 Q. Uh-huh.
16 A. -- not whether it's a lease, whether it's a sale,
17 getting authority.
18 Q. Just get money for it.
19 A. Get money for it, get some dough, okay, just want to
20 be clear. Discussions are ongoing in that regard.
21 Q. What are those discussions in a nutshell?
22 A. Those are commercially sensitive so I don't want to
23 interfere. Suffice it to say, the -- Judge Cox's
24 opinion spoke to the possibility of creating an
25 authority that would remove the water and sewer

Page 175

1 department's operations, not the assets, from the City
2 and perhaps increase additional value as a byproduct
3 of that process.
4 Q. And this is what is referred to in the June 14th
5 proposal or this transaction with this new authority?
6 A. Yes.
7 Q. And that would involve some sort of payment by the
8 authority to the City?
9 A. Yes, some sort of lease payment or like kind payment.
10 Q. Do you have any understanding -- can you give me any
11 idea as to the value that would be achieved by that,
12 the amount of cash that the City would be achieving,
13 realizing, if that went through?
14 A. Judge Cox's opinion, and I'm referencing the opinion
15 to state what's already in the record, references I
16 believe a \$62 million payment, which he called wildly
17 speculative. But there may be payments in that
18 regard, somewhere between 40 or lower to maybe up to
19 100. It's unclear.
20 Q. Right now who has control over the revenues that are
21 taken in by the department of water and sewers?
22 A. City does.
23 Q. Now, the department of water and sewers also had
24 retirement obligations for its --
25 A. Well, they have employees that are members of the

Page 176

1 General retirement fund.
2 Q. Right. And how were payments to the retirement fund
3 for those employees to be made? In other words, were
4 they to be made directly by the department of water
5 and sewer, to the Retirement Systems or were they made
6 by the department of water and sewer to the City,
7 which then was to remit them to the Retirement
8 Systems?
9 A. You're talking about the transaction or steady state
10 now?
11 Q. The steady state.
12 A. Steady state now. My understanding is that's part of
13 the City's obligation.
14 Q. So the DWS, department of water and sewers, is to give
15 the money for the retirement to the City, the City
16 was --
17 A. City makes it.
18 Q. -- was then supposed to make the payment to the
19 Retirement Systems?
20 A. Uh-huh.
21 Q. And are you aware of any funds that were transmitted
22 by the department of water and city (sic) to the City
23 for the purpose of funding pensions that were then
24 used by the City for other purposes?
25 A. I don't know if you can identify specific water and



800.211.DEPO (3376)
EsquireSolutions.com

Page 181

1 department?

2 A. Let me say it this way. We have examined a number of

3 options and alternatives related to DWSD including

4 those that might be implicated by your question.

5 Q. So is the answer to my question yes, you have

6 considered that?

7 A. We have considered all operations at DWSD including

8 those that might be implicated by your question. I

9 said before I'm going to be very careful so I don't

10 interfere with the commercial aspects with what's

11 going on now.

12 Q. And can you tell me how much you believe or understand

13 the City can take from the capital fund from DWSD in

14 order to satisfy its ongoing obligations if it chose

15 to do that?

16 A. I didn't say --

17 MR. SHUMAKER: Objection to form.

18 A. I didn't say that we would take any capital, I said

19 we'd consider it.

20 Q. I didn't -- I'm asking can you tell me how much would

21 you understand is available to take if the City

22 decides to go down that route?

23 A. No, I can't tell you that.

24 Q. Have you done any analysis of that?

25 A. Analysis is a strong word. Have we looked at the

Page 182

1 options and related to the transaction all

2 potentialities, but I can't tell you what that number

3 would be.

4 Q. Who within the City would be most knowledgeable about

5 the capital funds that are available at the DWSD?

6 A. At the City?

7 Q. Yeah.

8 A. Probably the operations at DWSD.

9 Q. You also made reference in the June 14th proposal to

10 the parking systems that the City owns.

11 A. Yes.

12 Q. And as I understand it there are nine garages?

13 A. Yes.

14 Q. Two lots with over 1,200 spaces?

15 A. Yes.

16 Q. And over 3,400 meters?

17 A. Yes.

18 Q. Do you have an understanding as to the value of those

19 assets?

20 A. No, we're currently doing our analysis as to the value

21 of those assets now.

22 Q. And you have no preliminary view as to what they're

23 worth? Nothing's been reported back to you on at

24 least a tentative basis?

25 A. No, nothing has been reported back to me on -- because

Page 183

1 when you talk about values, there's a range of values

2 from asset disposition and outright sale and

3 privatization to creating an operation or an authority

4 where someone has brought in, as has been done in

5 Washington, D.C., to actually operate the garages and

6 meters. So we're looking at a range of alternatives

7 to determine what those values could be.

8 Q. What's the range of values you're looking at so far?

9 A. We don't have that yet.

10 Q. How concrete have you -- let me withdraw that.

11 What specific steps have been taken so far?

12 A. Our investment advisors and consultants are beginning

13 discussions with various parties that undertake these

14 types of operations within a range of alternatives to

15 try to assess values.

16 Q. And the investment advisors, would that be Buckfire?

17 A. Yeah, it would be our investment banker, Ken Buckfire,

18 Miller Buckfire.

19 Q. Okay. In the June 14th proposal you also make

20 reference to about 22 square miles of land that the

21 City owns?

22 A. City-owned land, yes.

23 Q. Do you have an understanding as to the value of that

24 land?

25 A. I've been informed that some of the value is at best

Page 184

1 nominal, but no, sitting here today, I do not have a

2 number as to the value of the land.

3 Q. Have any steps been taken to try to monetize that

4 value, to get dough as you put it?

5 A. Yeah. Well, here again, you're -- to get income

6 realization perhaps I should say more articulately,

7 but here again, we're at the preliminary steps of

8 examining potential alternatives regarding land.

9 Q. So you don't know yet?

10 A. No.

11 Q. The Belle Isle Park, that's also referenced in the

12 June 14th proposal?

13 A. Yes.

14 Q. It's indicated that there's a prospective lease to the

15 state?

16 A. Yes.

17 Q. Okay. And do you expect that to go through?

18 A. I'm going to ask for it. It was proposed and was not

19 accepted in time so the state withdrew it, but I do

20 believe we're going to intend to ask that that lease

21 be renewed.

22 Q. And what's the annual rent the City would get under

23 that lease?

24 A. The City has a \$6 million maintenance obligation and

25 that would be taken up by the state so that wouldn't



800.211.DEPO (3376)
EsquireSolutions.com

Page 245

1 level but the state to the best of my knowledge didn't
2 participate in any authorship.
3 Q. Okay, I'm not talking about the drafting of the
4 document --
5 A. Yeah, yeah.
6 Q. -- but the formulation of the actual ideas or
7 proposals that are contained in the document.
8 A. No.
9 Q. Did the state have input into that?
10 A. No. The -- well, let me say it this way without
11 talking about what was said. Generally the -- some of
12 the advisors have been in the City for years if not
13 months and have been reviewing this issue so I'm
14 talking about from the time I was there and what I'm
15 aware of. Generally the process once I became
16 involved was we, meaning my immediate restructuring
17 team, reviewed the issues and prepared proposals and
18 then may have discussed them at a high level with the
19 state, but as I said, there wasn't authorship in those
20 proposals at the state level to the best of my
21 knowledge.
22 Q. Okay. Let me refer you to the June 14th proposal,
23 which is Exhibit 9 of your deposition.
24 A. Yes.
25 Q. And let me refer you in particular to page 109.

Page 246

1 A. Original 109?
2 Q. Yeah, not the stamp.
3 A. Not the Bates stamp, yes.
4 Q. Right. There's the third bullet point from the bottom
5 of the page. You can read that. It's a two line
6 bullet point, you can read it, but what I want to
7 focus on is the language that there must be
8 significant cuts in accrued benefit pension amounts
9 for both active and currently retired persons. Do you
10 see that language?
11 A. Yes.
12 Q. Okay. And did you believe that what I just read out
13 loud, that statement, to be true as of June 14th? Did
14 you believe that there had to be, the cuts that are
15 referred to there?
16 A. Yes, based upon our analysis, yes.
17 Q. And did you believe that at the time that the City
18 filed for bankruptcy?
19 A. Did I believe that at the time the City filed for
20 bankruptcy?
21 Q. At the time the City filed for bankruptcy --
22 A. Yes.
23 Q. Let me just finish the question for the clarity of the
24 record.
25 A. I'm sorry.

Page 247

1 Q. At the time the City filed for bankruptcy, was it your
2 view that there had to be significant cuts in accrued
3 vested pension amounts for both active and currently
4 retired persons?
5 A. Yes.
6 Q. And is it still -- still your view today?
7 A. Yes, based upon our analysis, yes.
8 Q. This conclusion that there must be significant cuts in
9 accrued vested pension amounts for both active and
10 currently retired persons, was that assertion or that
11 idea or that notion discussed by you with the governor
12 at any time before June 14th, 2013?
13 A. Outside of meetings with attorneys?
14 MR. SHUMAKER: Outside of meetings or calls
15 with attorneys present.
16 Q. Yeah, I'm not looking to infringe your attorney-client
17 privilege.
18 A. I know. I just don't recall all of the meetings. It
19 may have been discussed outside those meetings.
20 Q. Well, do you have a recollection?
21 A. I do not have a recollection of specific discussions.
22 Q. Just so I understand your testimony, are you saying it
23 was -- it may have been discussed but you're not sure
24 whether or not it was discussed in meetings that were
25 outside the attorney-client privilege? Is that your

Page 248

1 testimony?
2 A. Yes. It -- well, to clarify, I think it -- some
3 concept probably was discussed, but I'm not sure it
4 was discussed outside of attorney-client meetings --
5 Q. Okay.
6 A. -- attorney-client privilege. I want to be clear.
7 Q. Again, without infringing attorney-client privilege,
8 did the state, and when I say the state, I mean the
9 governor, his senior staff, Mr. Dillon, his staff,
10 ever speak to you or your team asserting that there
11 had to be significant cuts in accrued vested pension
12 amounts?
13 A. I don't recall the state ever, as you say, asserting
14 that there had to be.
15 Q. At the time you filed for bankruptcy or when the City
16 filed for bankruptcy, was it your intent absent a
17 consensual deal with the relevant stakeholders that
18 accrued vested pension amounts for both active and
19 currently retired persons would be cut?
20 A. Well, first it was our intent that we reach some sort
21 of understanding with stakeholders, that's why we
22 asked for the formation of a retiree committee,
23 because we recognize we needed to have representation
24 on those issues. Secondly, what we're asking for and
25 what we proposed in this proposal was the size of the



800.211.DEPO (3376)
EsquireSolutions.com